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UNCLAS SECTION 01 OF 02 NEW DELHI 009407

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DEPT FOR DRL/IL, DEPT LABOR FOR ILAB DR. SUDHA HALEY

E.O. 12958: N/A
TAGS: ELAB OTRA PGOV IN
SUBJECT: STRANGLING THE GOLDEN GOOSE: LEFT SEEKS TO UNIONIZE TECH SECTOR

REF: CALCUTTA 355

¶1. (U) Summary: At a time of declining union membership, the information technology (IT) sector's high growth, potential to employ large numbers, and lack of unions has attracted the attention of India's Communist labor federation, which sees it as an untapped area to recruit new members. This could be more difficult than they envision, however, as the highly mobile IT workforce enjoys much higher salaries and better benefits than most Indian workers, and polling data indicates that they are not really interested in unionization. There is also a three-way split between the Communist leadership in West Bengal, New Delhi and in the Communist Labor Federation on this issue. Bengal Chief Minister Buddhadev Bhattacharya is eager to attract IT investment to WB and has recently declared that he would not permit strikes in the state's information technology (IT) sector. Communist labor unions have condemned Bhattacharya's stance and are eager to launch a unionization drive, while the CPI(M) leadership is reluctant to bless any move that could risk West Bengal's reputation as a magnet for high-tech investment. End Summary.

No IT Strikes in West Bengal

¶2. (U) An October 26 meeting between the CPI(M) Politburo and its affiliated trade union central) the Center of Indian Trade Unions (CITU) failed to resolve an ongoing dispute between West Bengal Chief Minister Buddhadev Bhattacharya and the CPI(M) leadership regarding strikes in the IT sector. Bhattacharya opposes IT strikes, saying they would hurt prospects for critical foreign investment and hinder West Bengal,s economic development. During the CPI(M)'s September 29 nationwide strike to protest UPA economic policies, Bhattacharya asked state law enforcement officers to ensure that the strike did not effect the industry. The CITU, however, did not agree with Bhattacharya,s view and pressed the Politburo to clarify the party position.

CITU Puts the Politburo on the Spot

¶3. (U) The party leadership initially attempted to avoid a confrontation with CITU by maintaining that the workers' inherent right to unionize and strike, does not extend to essential services. (The Indian Essential Services Maintenance Act gives the government the right to declare any industry as essential and prevent a strike in that industry.) Unsatisfied, CITU pressed the CPI(M) leadership to rule whether the IT sector fell within the purview of essential services. The Politburo responded that while the IT industry as a whole could not be classified as essential, certain industry processes could be, and set up a committee to examine the issue.

Labor Will Continue to Press

¶4. (U) CITU is outraged that India's large and growing IT sector (estimated one million workers) does not yet have labor unions and believes that it should launch a concerted unionization drive before other unions move in. CITU President MK Pandhe has long resisted any attempt to exempt the IT sector from unionization or strikes, which he views as an effort by the GOI to deprive workers of the right to organize and strike. He reiterated to Embassy officials that CITU would oppose exemption of the IT industry from labor laws, including the right to organize and strike, emphasizing that such a move would undermine India's labor movement by encouraging other industries to press for similar measures. Pandhe claimed that CITU was all for harmonious industrial relations, but must agitate against the &illegal and exploitative practices8 of the IT employers. He, however, admitted that it would be difficult to unionize IT sector workers, since they already enjoy high pay scales and good benefits and do not feel the need for a union.

Do IT Workers Even Want Unions?

¶5. (U) Pande's statements indicate that established trade unions are eagerly eyeing the IT sector, but have not yet determined whether IT workers can be recruited and whether it would be worthwhile to invest the time and money necessary to bring them into the union fold. According to some estimates, most of the approximately one million IT workers in India do not belong to unions or company-based staff associations. This is largely because of their unique demographics. Most IT workers are between 22-30, are well educated and earn a minimum of US $250 per month (against a national average wage of around US $100 a month). Seventy per cent of IT workers surveyed by the IT Professionals Forum (ITPF) India,s first and only IT workers body) stated that they did not want to join a union. Nearly 65 per cent were content to negotiate individual contracts with their employers rather than collectively through a union. Although 60 percent supported the establishment of professional forums in which they could raise issues, they did not want them to be affiliated with trade unions or political parties.

Are Professional Associations the Answer?

¶6. (U) Interestingly, the ITPF was established by a former trade unionist as an alternative to traditional trade unions. ITPF Chairman Mr. Swaminath told EmbOffs that both workers and employers would resist any move by central trade unions to unionize the IT sector. He opined that unions would not be able to attract workers unless they moved beyond their traditional confrontational approach in dealing with management over &bread and butter issues8 and worked with the industry in a positive and cooperative manner. Aqeel Khan, the Deputy Director of ASK (the Association for Stimulating Know-how) a non-governmental organization), echoed similar views. Khan pointed out that since the IT sector workforce is highly mobile (with attrition rates close to 30 per cent), it is very difficult for traditional unions to organize them. In Khan,s view, Indian unions do not have a sufficient pan-Indian presence or the resources to track down and service such workers.

Comment: IT Workers may Move First

¶7. (U) The right to form unions and strike has always been close to the heart of left parties and CITU, and they are clearly irked by the absence of trade unions in the IT sector. This makes it difficult for them to swallow Chief Minister Bhattacharya,s stance on this issue. It has also placed the CPI(M) in a dilemma, as the party is running West Bengal, where the economy is on the upswing, and the state is becoming a magnet for high-tech companies. CM Bhattacharya has become a highly-visible cheerleader for foreign investment. Bhattacharya is well-aware that an aggressive unionization drive in the state could kill the goose that is laying the golden IT egg. The Delhi-based CPI(M) leadership is less enthusiastic, but does not want to risk hurting the economy of the CPI(M) bastion. CPI(M) leaders are also acutely aware that CITU's traditional agitation-based approach will not attract new union membership in modern service sectors such as IT, and is not yet convinced that organizing can make inroads into IT. In our estimation, IT workers and management could attempt to head-off a CITU unionization drive by forming in-house staff associations. This would reassure the IT industry, which fears aggressive unionization by CITU could shut down this sector and drive IT investment out of the country.
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